



Frequently Asked Questions County Road Maintenance Sales Tax Proposition 403: Your Roads. Your Decision.

For more detailed information, please go to www.coconino.az.gov/CountyRoads

1. Why is the County proposing a new road maintenance sales tax?

Coconino County does not have the funds to maintain its roads at current service levels even after reducing costs by \$2 million per year. To maintain the road maintenance budget within current revenue levels, up to a 40 percent reduction in routine road maintenance services, such as snow plowing, dirt road grading, pothole filling, and chip sealing, would be needed as well as significant reductions in annual investments in paved road maintenance projects and equipment replacement.

2. Why doesn't the County have the funds to maintain its roads?

Road maintenance in the U.S. is largely funded by the gas tax. A gas tax was first established in the 1940s to fund maintenance and expansion of roads and other transportation systems. There is both a federal and state gas tax. In Arizona, the combined state and federal gas tax is 37.4 cents per gallon, which ranks 41st among all 50 states.

The County's gas tax revenues are at near-1998 levels for many reasons:

- State and Federal officials have not raised the gas tax level since the early 1990s;*
- The gas tax is flat and not indexed to inflation;*
- The gas tax does not reflect the cost of gas;*
- State officials have used or "swept" County gas-tax revenues to fund other State programs;*
- Overall, the gallons of gas sold is declining due to increased fuel efficiency; and*

- *\$1.5 million per year in rural road maintenance funding has not been re-authorized by the United States Congress.*

In addition to the above issues, road maintenance costs have risen, as has the number of miles of County roads. For example, adjusted for inflation and fuel efficiency, a dollar in gas taxes in 1991 (the last time there was an increase to the state gas tax) is only worth 30 cents in 2014.

3. What has the County done to cut costs?

The County has implemented \$2 million in permanent, annual cost reductions in the road maintenance budget. These on-going cost savings include:

- *Eliminating positions,*
- *Extending equipment replacement life cycles,*
- *Balancing equipment utilization (making sure all pieces of equipment have a high utilization rate),*
- *Reducing fleet size, and*
- *Implementing a more efficient snow plan.*

The County also took immediate steps with the downturn in the economy in 2009 to reduce road maintenance expenditures, in addition to expediting improvements to increase efficiency as noted above.

4. Has the County considered eliminating maintenance of U.S. Forest Service and Bureau of Indian Affairs roads to reduce costs?

Although the County maintains roads owned by different jurisdictions, all of the roads are part of a transportation system, including county, city and state roads, which connect employees, students and visitors to their destinations.

5. Why can't the County get money from somewhere else in its budget?

The County budget is strictly limited by the State Constitution. There are no other funds available in the County's budget for these road maintenance costs without reducing other services, such as law enforcement, Courts and other state-mandated services.

6. What other options has the County considered?

Over the past two years, the Board of Supervisors has considered a range of options for addressing road maintenance funding. The County Manager convened a Citizen Transportation Advisory Committee (CTAC), which looked at the County's current road funding situation. This group, with representatives from throughout the County, spent a significant amount of

time reviewing the County's overall finances and the road maintenance budget and operations. The CTAC recommended that the Board of Supervisors ask voters to consider a sales tax dedicated to road maintenance. The CTAC specifically recommended a sales tax ballot measure requesting approval of a sales tax that would not exceed ½ cent for no less than ten years.

7. Are changes to the gas tax being considered at the federal or state level?

The County has advocated at both the state and federal levels for changes to the gas tax, as well as returning more of the state funds to the counties and cities. To date, no changes have been approved by Congress or the State to the gas tax structure. The State returned only a small amount of state shared highway revenues to the counties and cities for only a three-year period beginning this fiscal year.

8. Why is this important to me?

Coconino County residents use County-maintained roads to get their children safely to school and themselves to work on time. For example, everyday about 20,000 County residents travel into Flagstaff for work. Most use County roads to access state highways that enter Flagstaff. Furthermore, many of the school district school bus systems throughout the County, including on the Navajo Nation, travel extensively on County roads. For example, the Flagstaff Unified School District buses travel 8,000 to 10,000 miles per day and many of these miles are on County-maintained roads.

County roads are also used to access the local national forests for recreational activities. The County also maintains 258 miles of U.S. Forest Service roads that provide access to national forests for County residents and more than 450,000 visitors annually. Some of these roads, such as Lake Mary Road (a U.S. Forest Service road maintained by the County), are recreational destinations and key to future forest thinning projects in the region.

Unmaintained roads also affect motorists through increased vehicle maintenance costs and can affect public safety.

9. Why is it important to pass the road maintenance sales tax now?

An independent study of the 320 miles of paved roads maintained by the County, commissioned by the County and conducted by Kimley-Horn and Associates found that 35 percent of the County's paved roads are in severe or poor condition. Kimley-Horn estimated a current cost of \$70 million to repair County roads rated as severe and poor. The study also estimates that without proper and timely maintenance, the cost to repair these roads will increase to almost \$109 million in the next five years. To review the Pavement Evaluation Study, please go to www.coconino.az.gov/CountyRoads

Additionally, the level of routine road maintenance services, such as snow plowing, dirt-road grading, pothole filling, and ditch cleaning, would need to be reduced by up to 40 percent to stay within current revenue levels.

10. How many miles of road does the County maintain?

The County maintains approximately 930 miles of roads throughout the 18,661 square miles of the county. This includes 460 miles of County-owned roads, 258 miles of U.S. Forest Service roads, and 212 miles of Bureau of Indian Affairs roads. Of the 930 miles of County roads, 320 miles are paved and 610 miles are dirt/gravel.

11. How much money will the County generate from the new sales tax for road maintenance?

The County estimates the revenues from the road maintenance sales tax to be approximately \$6 million to \$7 million per year, or approximately \$120 million over 20 years. The sales tax is tied to actual sales of goods and services, so the amount actually generated will depend on economic conditions during the next 20 years.

12. What will the money from the new sales tax be used for?

The funds will be used to maintain all County-maintained roads, including County-owned roads, U.S. Forest Service roads, and Bureau of Indian Affairs roads maintained by the County through longstanding agreements. The County plans to maintain adequate reserves to address emergencies such as disasters and road failures. The revenue from the new road maintenance sales tax will be specifically restricted to the maintenance and preservation of roads maintained by Coconino County and those costs related to, but not limited to, snowplowing, dirt-road grading, road surface chip sealing, road maintenance projects and other road-related expenses.

13. What pavement maintenance and bridge projects are planned if the road tax passes?

The County has prepared a 10-year Road Improvement Plan for maintaining its roads and bridges based on estimated revenues if the new road maintenance sales tax is approved. On average, approximately \$4 million per year will be used for paved road renewal and safety improvement projects during the first 10 years, or approximately \$42 million in total. The additional revenue from the road maintenance sales tax also allows the County to secure an additional \$15 million in funding from Federal grants for road maintenance and safety improvements over the next 10 years.

As noted above, the County's roads are deteriorating with 35 percent rated in severe or poor condition. The investment in pavement maintenance, such as surface overlays and chip sealing, is important to reducing long-term maintenance costs. If the sales tax is approved by voters, some of the projects in the County's 10-year Road Improvement Plan include repaving sections of Townsend-Winona, Lake Mary and Leupp roads, and major roadways in Kachina Village, Doney Park, Munds Park and the Spring Valley areas, in addition to chip sealing streets and roads in our communities. Bridges in Bellemont and on Lake Mary Road will also be repaired. Road maintenance sales tax revenues will also be used as matching funds to support road maintenance projects on the Navajo Nation.

The exact level of investment in the Road Improvement Plan annually will be affected by variables such as the level of expenditures on snow plowing and the level of revenue generated based upon the economy. The Board of Supervisors evaluates and approves the road maintenance budget annually. For more specific information on the County's Road Improvement Plan, please go to www.coconino.az.gov/countyroads

14. When would work begin if the tax passes?

If the tax passes, then funds will be available to continue daily road maintenance services at current levels. The road improvement projects (see Question 13, above) will begin in the spring of 2015.

15. Will some of the road tax money be dedicated to road maintenance on the Navajo Nation?

Yes, the County, through its longstanding agreement with the Bureau of Indian Affairs (BIA), will continue to provide daily road maintenance services to key school bus routes on the Navajo Nation. In addition, the County will designate an additional \$200,000 per year as matching funds to support shovel-ready road maintenance projects.

16. How can voters be assured that the money will only be used for road maintenance?

The specific language of the election ballot and the resolution by the Coconino County Board of Supervisors referring the question to the voters restricts the uses of the monies from the road maintenance sales tax to road maintenance related costs. Also, the County's authority, pursuant to Arizona Revised Statute section 42-6107, to establish a road maintenance sales tax for road maintenance services restricts the funds generated to be used for only road-related services.

17. How long will the tax last?

If approved, then the road maintenance sales tax will be in effect for 20 years from January 1, 2015 to December 31, 2034.

18. How much will the new tax be?

The County's road maintenance sales tax will be three-tenths of one percent (\$0.003), which is equivalent to thirty cents (30¢) on a hundred dollar (\$100) purchase. But, at the same time the new tax begins, another County tax will expire. As a result, the net tax increase will only be seventeen and a half cents (17½¢) on a hundred dollar (\$100) purchase.

- A new washing machine costing \$500 would amount to an additional 87.5 cents in sales tax. This would provide an additional \$1.50 in sales tax for road maintenance.*
- A new vehicle costing \$25,000 would amount to an additional \$43.75 in sales tax. This would provide an additional \$75 in sales tax for road maintenance.*

19. What's the difference between the County's proposed Road Maintenance Sales Tax and the City of Flagstaff's Road Repair and Street Safety Initiative?

Just as the County maintains hundreds of miles of roads throughout the County – the second largest in the nation – the City must repair and preserve hundreds of miles of streets. The City residents pay to repair City streets, and County residents fund maintenance of County roads. The monies from the County road maintenance sales tax will be used only for County road purposes.

If approved by Flagstaff voters, then the City's new revenues will be primarily used to restore the City's paved streets. If the County's road maintenance sales tax is approved by voters, then the funds will be used to support daily road maintenance services (snow plowing, dirt-road grading, fixing potholes, etc.) and to repair many of the County's paved roads.

20. What will the total sales tax rate in the City of Flagstaff be if voters approve both the City's proposed street repair tax and the County's road maintenance tax?

The City of Flagstaff is proposing a new 1/3 of 1 percent sales tax to repair City streets, which is about 33 cents on a \$100 purchase. As noted above, a County sales tax equal to one-eighth of one percent is expiring at the same time. If voters approve both the County and City of Flagstaff proposed sales taxes, then the total tax rate in the City of Flagstaff will still be less than 9% (8.951%). The City of Flagstaff's sales tax to repair city streets would be collected only within the City of Flagstaff.

21. Who will pay the new County road maintenance sales tax?

Everyone who shops in the County will pay the tax on taxable items, which excludes food for home consumption. That means tourists and individuals who come to Coconino County to shop and visit will also pay the road maintenance sales tax.

22. Does the County coordinate with local cities and communities?

Yes, through the County's involvement with the Northern Arizona Council of Governments and the Flagstaff Metropolitan Planning Organization, the County and cities work together to address transportation needs. In addition, the staffs of the County and the City of Flagstaff, as well as the Flagstaff City Council and the Board of Supervisors, have been meeting over the last year and half to identify funding needs for streets and roads in the greater Flagstaff area. The County also works closely with the U.S. Forest Service (USFS) and the Bureau of Indian Affairs (BIA) to support maintenance on roads owned by the USFS and the BIA.

23. Will there be more snowplowing if the new County road maintenance sales tax is approved by voters?

With the new road maintenance sales tax, the County will maintain its current snowplowing standards.

24. Will the County be building new roads or bridges with the monies from the new sales tax?

No these new monies are for basic road-maintenance services, such as snowplowing, grading, chip-sealing and other maintenance of the existing roads and bridges.

25. Will the County be issuing bonds?

No the County plans to use the new monies on a "pay as you go" basis – or as the tax money is collected – throughout the twenty years of the new sales tax.

26. Will the new tax solve all the County's road budget problems?

No the County road budget will still be limited, but the Board of Supervisors believes that, given current economic conditions, the citizens of Coconino County couldn't afford any greater tax